

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

Staff

9-8-00

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VERIZON NORTH INC. F/K/A GTE NORTH INCORPORATED, )  
VERIZON SOUTH INC. F/K/A GTE SOUTH INCORPORATED, )  
and CAT COMMUNICATIONS INTERNATIONAL, INC. D/B/A CCI )  
00-0566 )  
Joint Petition of Verizon North Inc. f/k/a GTE North Incorporated, )  
Verizon South Inc. f/k/a GTE South Incorporated, )  
and Cat Communications International, Inc. d/b/a CCI, for Approval )  
Pursuant to 47 U.S.C. §§ 252(a)(1) and 252(e), of a Resale Agreement )

VERIFIED STATEMENT OF A. OLUSANJO OMONIYI

My name is A. Olusanjo Omoniyi and I am employed by the Illinois Commerce Commission as a Policy Analyst in the Telecommunications Division. I graduated from Southern Illinois University at Carbondale with a Bachelor of Arts degree in Cinema & Photography and Bachelor of Science degree in Radio-Television in 1987. In 1990, I obtained a Master of Arts degree in Telecommunications and a Juris Doctor in 1994 also from Southern Illinois University at Carbondale. Among my duties as a Policy Analyst is to review negotiated agreements and provide a recommendation as to their approval.

**SYNOPSIS OF THE AGREEMENT**

The instant agreement between VERIZON NORTH INC. f/k/a GTE NORTH INCORPORATED, VERIZON SOUTH INC. f/k/a GTE SOUTH INCORPORATED (collectively "VERIZON" or "Carrier") and CAT COMMUNICATIONS INTERNATIONAL INC. (d/b/a "CCI" or "Requesting Carrier"), filed on August 25, 2000 is a resale

agreement and will remain in effect until August 31, 2002. Also, the agreement establishes the financial and operational terms for: the physical interconnection between VERIZON and CCI networks on mutual and reciprocal compensation; unbundled access to VERIZON's network elements, including VERIZON's operations support systems functions; physical collocation of certain equipment; number portability; resale and a variety of other business relationships. The rates for VERIZON's services available for resale are based upon an avoided cost discount from VERIZON's retail rates.

The purpose of my verified statement is to examine the agreement based on the standards enunciated in section 252(e)(2)(A) of the 1996 Act. Specifically, this section states:

The State commission may only reject-  
an agreement (or any portion thereof) adopted by negotiation under subsection (a) if it finds that-

- (i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or
- (ii) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity.

## **I. APPROVAL UNDER SECTION 252(e)**

### **A. DISCRIMINATION**

The first issue that must be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it discriminates against a telecommunications carrier that is not a party to the agreement.

Discrimination is generally defined as giving preferential treatment. In previous dockets, Staff has taken the position that in order to determine if a negotiated

agreement is discriminatory, the Commission should determine if all similarly situated carriers are allowed to purchase the service under the same terms and conditions as provided in the agreement. I recommend that the Commission use the same approach when evaluating this negotiated agreement.

A carrier should be deemed to be a similarly situated carrier for purposes of this agreement if telecommunications traffic is exchanged between itself and VERIZON for termination on each other's networks and if it imposes costs on VERIZON that are no higher than the costs imposed by CCI. *If a similarly situated carrier is allowed to purchase the service(s) under the same terms and conditions as provided in this contract, then this contract should not be considered discriminatory.* Evaluating the term discrimination in this manner is consistent with the economic theory of discrimination. Economic theory defines discrimination as the practice of charging different prices (or the same prices) for various units of a single product when the price differences (or same prices) are not justified by cost. See, Dolan, Edwin G. and David E. Lindsey, Microeconomics, 6<sup>th</sup> Edition, The Dryden Press, Orlando, FL (1991) at pg. 586. Since Section 252(i) of the 1996 Act allows similarly situated carriers to enter into essentially the same contract, this agreement should not be deemed discriminatory.

#### **B. PUBLIC INTEREST**

The second issue that needs to be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it is contrary to the public interest, convenience, and necessity. I recommend that the Commission examine the agreement on the basis of economic efficiency, equity, past Commission

orders, and state and federal law to determine if the agreement is consistent with the public interest.

In previous dockets, Staff took the position that negotiated agreements should be considered economically efficient if the services are priced at or above their Long Run Service Incremental Costs ("LRSICs"). Requiring that a service be priced at or above its LRSIC ensures that the service is not being subsidized and complies with the Commission's pricing policy. All of the services in this agreement are priced at or above their respective LRSICs. Therefore, this agreement should not be considered economically inefficient.

Nothing in this agreement leads me to the conclusion that the agreement is inequitable, inconsistent with past Commission Orders, or in violation of state or federal law. Therefore, I recommend that the Commission approve this agreement.

## **II IMPLEMENTATION**

In order to implement the VERIZON-CCI agreement, the Commission should require VERIZON to, within five days from the date the agreement is approved, modify its tariffs to reference the negotiated agreement for each service. Such a requirement is consistent with the Commission's Orders in previous negotiated agreement dockets and allows interested parties access to the agreement. The following sections of VERIZON tariffs should reference the VERIZON-CCI Agreement: Agreements with Telecommunications Carriers (ICC No. 10 Section 18).

Furthermore, in order to assure that the implementation of the Agreement is in public interest, VERIZON should implement the Agreement by filing a verified statement

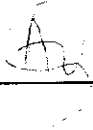
with the Chief Clerk of the Commission, within five (5) days of approval by the Commission, that the approved Agreement is the same as the Agreement filed in this docket with the verified petition; the Chief Clerk should place the Agreement on the Commission's web site under Interconnection Agreements. Such a requirement is also consistent with the Commission's Orders in previous negotiated agreement dockets.

For the reasons enumerated above, I recommend that the Commission approve this agreement pursuant to Section 252(e) of the Telecommunications Act of 1996.

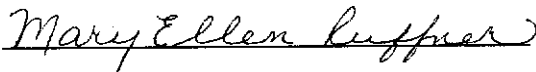
VERIFICATION

STATE OF ILLINOIS                    )  
  ) SS  
COUNTY OF SANGAMON            )

I, A. Olusanjo Omoniyi, do on oath depose and state that if called as a witness herein, I would testify to the facts contained in the foregoing document based upon personal knowledge.



SIGNED AND SWORN TO BEFORE ME THIS 7th DAY OF  
September, 2000.

  
NOTARY PUBLIC

